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UNCLAS KATHMANDU 001616

SIPDIS

E.O. 12958: N/A

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SUBJECT: SIGNING OF NEPAL-ILO AGREEMENT ON US-FUNDED
CHILD LABOR PROJECT

1. Nepal and the ILO signed an agreement August 20 on the implementation of an ILO/IPEC time-bound project to eliminate the worst forms of child labor. USDOL has funded the project with more than USD 5 Million. DCM and LabOff attended the signing ceremony.

2. Talks on the terms of the agreement had dragged on for more than nine months. Finance Ministry officials attempted to insert a sentence into the agreement that would allow the Auditor General of Nepal to audit the project's accounts at any time. The ILO objected, arguing that as a member state the GON would have to accept established UN audit procedures. Post made repeated representations, pressing the Finance Ministry to expedite the negotiations. In the end the GON dropped its demand that the objectionable provision be included.

3. Post will continue to work with the ILO and Nepal's line ministries to ensure the successful implementation of DOL-funded initiatives.

MALINOWSKI